

AMENDED IN SENATE APRIL 29, 2013

AMENDED IN SENATE APRIL 4, 2013

SENATE BILL

No. 190

Introduced by Senator Wright
(Coauthor: Senator Anderson)

February 7, 2013

An act to add Chapter 4.7 (commencing with Section 19750) to Division 8 of the Business and Professions Code, *to add Section 12012.6 to the Government Code*, and to amend Sections 336.9 and 337a of the Penal Code, relating to gambling, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 190, as amended, Wright. Gambling: sports wagering.

(1) The California Constitution prohibits various gaming activities within the state, including casino-style gaming, but authorizes the Governor, subject to ratification by the Legislature, to negotiate and conclude compacts for the operation of slot machines and the conduct of lottery games and banking and percentage card games by federally recognized Indian tribes on Indian lands in California in accordance with federal law. The California Constitution also authorizes the Legislature to provide for the regulation of horse racing, charitable bingo games, the California State Lottery, and charitable raffles.

Existing law prohibits a person, whether or not for gain, hire, or reward, from making a betting pool or placing a bet or wager on the result of any contest or event, including a sporting event, as specified.

The Gambling Control Act provides for the licensure of certain individuals and establishments that conduct controlled games, as defined, and for the regulation of these gambling activities by the California

Gambling Control Commission. Existing law provides for the enforcement of those regulations by the Department of Justice. Any violation of these provisions is punishable as a misdemeanor, as specified.

The Horse Racing Law provides for the licensure of every person who participates in, or has anything to do with, the racing of horses, and every employee of a parimutuel department by the California Horse Racing Board. The board is responsible for adopting rules and regulations for the protection of the public, the control of horse racing, and parimutuel wagering, as well as enforcing all laws, rules, and regulations dealing with horse racing and parimutuel wagering. The law permits the board to authorize an association licensed to conduct a racing meeting to also operate a satellite wagering facility at its racetrack inclosure, and for fairs to locate a satellite wagering facility at their fairgrounds, under specified conditions. Any violation of these provisions is punishable as a misdemeanor.

This bill would authorize the owner or operator of a gambling establishment, or the owner or operator of a horse racing track, including a horse racing association, *or of a satellite wagering facility*, with a current license, to conduct wagering on professional and collegiate sports or athletic events, other than on collegiate sports or athletic events that take place in California or in which any California college team participates, by applying to the California Gambling Control Commission or the California Horse Racing Board, as specified, for authorization to conduct sports wagering, and by paying an annual fee for deposit in the Gambling Addiction Program Fund. The bill would require each licensed entity to remit to the Treasurer on a monthly basis for deposit in the General Fund, an amount equal to 7.5% of its gross revenues generated by sports wagering activities. The bill would require the commission, the board, and the department to adopt regulations to implement these provisions, including authority to adopt regulations establishing fees in a reasonable amount to recover costs incurred performing their duties pursuant to these provisions.

The bill would require the department, among other things, to investigate any request made by the board or the commission in connection with an application for authorization, and to investigate suspected violations of the above provisions. The bill would authorize the board, commission, and department to regulate sports wagering to the same extent these entities currently regulate other legal gambling in this state, including the ability to audit the books and records of a

licensed entity related to the sports wagering activity. The bill would also prohibit a licensed entity from, among other things, accepting a wager from any person who is under 21 years of age or whose name appears on a self-exclusion list. Any violation of these provisions would be punishable as a crime. By creating a new crime, the bill would impose a state-mandated local program.

(2) Existing federal law, the Indian Gaming Regulatory Act of 1988 (IGRA), provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law expressly ratifies a number of tribal-state gaming compacts, and amendments of tribal-state gaming compacts, between the State of California and specified Indian tribes.

This bill would authorize a federally recognized Indian tribe that is not a gambling establishment or a horse racing track, or that has entered into a compact agreement with the state authorizing the operation of a satellite wagering facility, to conduct sports wagering ~~consistent with the requirements of the federal Indian Gaming Regulatory Act of 1988, and under terms no more stringent than those applicable to any other owner or operator in the state as authorized by IGRA, pursuant to the model tribal-state sports wagering compact described below.~~

This bill would create a model tribal-state sports wagering compact and would provide that, by the enactment of this measure, the state grants a model tribal-state sports wagering compact for the conduct of sports wagering on Indian lands to a federally recognized California Indian tribe that exercises jurisdiction over those Indian lands. The bill would provide for the tribe to adopt the authority through the signature of the tribal chief executive officer, as specified. No further action by the Governor or the state would be required in order to conduct sports wagering, but the tribe would be responsible for submitting a copy of the compact executed by the tribe to the United States Secretary of the Interior for publication of the notice of approval in the Federal Register, pursuant to IGRA.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 4.7 (commencing with Section 19750) is added to Division 8 of the Business and Professions Code, to read:

CHAPTER 4.7. SPORTS WAGERING

19750. The following entities may conduct wagering on sports events as authorized pursuant to this chapter:

(a) The owner or operator of a gambling establishment with a ~~current~~ *valid* license issued by the California Gambling Control Commission pursuant to Chapter 5 (commencing with Section 19800).

(b) The owner or operator of a horse racing track, including a horse racing association, *or of a satellite wagering facility*, with a ~~current~~ *valid* license issued by the California Horse Racing Board pursuant to Chapter 4 (commencing with Section 19400). A licensed horse racing track is authorized to conduct sports wagering pursuant to this subdivision if it has an agreement in place with the organization recognized by the board that is responsible for negotiating purse agreements, satellite wagering agreements, and all other business agreements on behalf of the horsemen and horsewomen participating in a racing meeting.

(c) A federally recognized Indian tribe that is not authorized pursuant to subdivision (a) or (b), or that has entered into a compact agreement with the state authorizing the operation of a satellite wagering facility, may conduct sports wagering as authorized by the federal Indian Gaming Regulatory Act of 1988 (18 U.S.C. Secs. 1166 to 1168, incl., and 25 U.S.C. Sec. 2701 et seq.), ~~and under terms no more stringent than those applicable to any other owner or operator of a gambling establishment in the state pursuant to the model tribal-state sports wagering compact set forth in subdivision (b) of Section 12012.6 of the Government Code.~~

19752. As used in this chapter, the following definitions apply:

1 (a) “Board” means the California Horse Racing Board.

2 (b) “Commission” means the California Gambling Control
3 Commission.

4 (c) “Department” means the Department of Justice.

5 (d) “*Indian lands*” means *land upon which gaming may be*
6 *conducted under the federal Indian Gaming Regulatory Act of*
7 *1988 (18 U.S.C. Secs. 1166 to 1168, incl., and 25 U.S.C. Sec. 2701*
8 *et seq.).*

9 (e) “*Indian tribe*” means *a federally recognized Indian tribe*
10 *located within the State of California.*

11 ~~(d)~~

12 (f) “Licensed operator” means any of the entities listed in Section
13 19750 that are authorized pursuant to this chapter to conduct sports
14 wagering.

15 ~~(e)~~

16 (g) “Prohibited sports event” means any collegiate sport or
17 athletic event that takes place in California, or a sports event in
18 which any California college team participates, regardless of the
19 location at which the event takes place.

20 ~~(f)~~

21 (h) “Sports event” shall include any professional sports or
22 athletic event, and any collegiate sports or athletic event, except
23 a prohibited sports event.

24 ~~(g)~~

25 (i) “Sports wagering” means the business of accepting wagers
26 on a sports event by any legal system or method of wagering,
27 including, but not limited to, exchange wagering, parlays, over
28 and under, money line, and straight bets.

29 19754. (a) (1) An owner or operator of a gambling
30 establishment seeking to conduct sports wagering shall apply to
31 the commission for authorization to conduct sports wagering.

32 (2) An owner or operator of a horse racing track *or a satellite*
33 *wagering facility* seeking to conduct sports wagering shall apply
34 to the board for authorization to conduct sports wagering.

35 (b) The board or the commission, as the case may be, shall hear
36 and decide promptly, and in reasonable order, all applications to
37 conduct sports wagering from owners and operators of licensed
38 ~~gambling establishments and licensed horse racing tracks.~~
39 *establishments, licensed horse racing tracks, and satellite wagering*
40 *facilities.* Authorization to conduct sports wagering shall not be

1 unreasonably withheld for any applicant that is in good standing
2 and has a current license issued pursuant to Chapter 4 (commencing
3 with Section 19400) or Chapter 5 (commencing with Section
4 19800).

5 (c) An owner or operator of a gambling establishment ~~or and~~
6 ~~an owner or operator of~~ a horse racing track ~~or satellite wagering~~
7 ~~facility~~ that conducts sports wagering shall pay an annual fee of
8 three thousand dollars (\$3,000) to the State Department of Alcohol
9 and Drug Programs for deposit in the Gambling Addiction Program
10 Fund.

11 (d) Each licensed operator shall remit to the ~~treasurer~~ *Treasurer*
12 on a monthly basis for deposit in the ~~general fund~~ *General Fund*
13 an amount equal to 7.5 percent of its gross revenues generated by
14 sports wagering activities. Each monthly payment shall be due on
15 the 10th day of the following month. For the purposes of
16 determining gross revenues, the licensed operator and the ~~treasurer~~
17 *Treasurer* shall use generally accepted accounting principles.

18 19756. (a) Application for authorization to conduct sports
19 wagering shall be made on forms furnished by the board and the
20 commission.

21 (b) The application for authorization to conduct sports wagering
22 shall include all of the following:

23 (1) The name of the licensee.

24 (2) The name and location of the ~~gambling establishment or~~
25 ~~horse racing track~~ *establishment, horse racing track, or satellite*
26 *wagering facility*.

27 (3) The names of all persons directly or indirectly interested in
28 the business and the nature of the interest.

29 (4) A description of the proposed sports wagering operation.

30 (5) Any other information and details the board or the
31 commission may require in order to discharge its duty properly.

32 19758. The board and the commission shall adopt regulations
33 for the administration of this chapter, and may adopt regulations
34 establishing fees in a reasonable amount necessary to recover costs
35 incurred by the board or the commission relating to the
36 administration of this chapter. The board and the commission shall
37 consult with each other in the adoption of regulations pursuant to
38 this section, and may adopt joint regulations.

39 19760. The regulations adopted by the board and the
40 commission shall do all of the following:

(a) Provide for the approval of wagering rules and equipment by the department to ensure fairness to the public and compliance with state law, including, but not limited to, all of the following:

- (1) Acceptance of wagers on a series of sports events.
- (2) Types of wagering tickets that may be used.
- (3) The method of issuing tickets.

(b) Govern all of the following:

- (1) The extension of credit.
- (2) The cashing, deposit, and redemption of checks or other negotiable instruments.
- (3) The amount of cash reserves to be maintained by licensed operators to cover winning wagers.

(4) The provision of reliable records, accounts, and reports of transactions, operations, and events, the method of accounting to be used by licensed operators, and the types of records required to be maintained.

19761. *The tribal gaming regulatory authority for each Indian tribe conducting sports wagering pursuant to a model tribal-state sports wagering compact shall promulgate regulations for the administration of sports wagering. The regulations shall be consistent with the terms of the model tribal-state sports wagering compact set forth in subdivision (b) of Section 12012.6 of the Government Code.*

19762. The sports wagering authorized pursuant to this chapter may be conducted only at the ~~gambling establishment or horse racing track establishment~~, horse racing track, or satellite wagering facility of the licensed operator, or on Indian lands consistent with the federal Indian Gaming Regulatory Act of 1988 (18 U.S.C. Secs. 1166 to 1168, incl., and 25 U.S.C. Sec. 2701 et seq.).

19764. A licensed operator shall not do any of the following:

(a) Accept a wager on a sports event from any person who is not physically present at the facility where the sports wagering is conducted.

(b) Accept a wager from a person using any form of credit to place the wager.

(c) Accept a wager from a person who is under 21 years of age.

(d) Admit into the sports wagering facility, or accept wagers from, any person whose name appears on any self-exclusion list.

19766. A licensed operator shall establish the odds it will pay on wagers placed on sports events.

1 19768. (a) A licensed operator shall not conduct any sports
2 wagering in violation of any provision of this chapter, any
3 regulation adopted pursuant to this chapter, or any governing local
4 ordinance.

5 (b) Any person who willfully violates any provision of this
6 chapter is guilty of a misdemeanor.

7 19770. (a) The department shall have all of the following
8 responsibilities:

9 (1) To investigate any request made by the board or the
10 commission in connection with an application for authorization
11 pursuant to this chapter. The department may recommend the
12 denial or the limitation, conditioning, or restriction of any
13 authorization.

14 (2) To monitor the conduct of all licensed operators and other
15 persons having a material involvement, directly or indirectly, with
16 a sports wagering operation.

17 (3) To investigate suspected violations of this chapter.

18 (4) To investigate complaints that are lodged against licensed
19 operators, or other persons associated with a sports wagering
20 operation, by members of the public.

21 (5) To initiate, when appropriate, disciplinary actions. In
22 connection with any disciplinary action, the department may seek
23 restriction, limitation, suspension, or revocation of any license,
24 permit, authorization, or approval pursuant to this chapter, Chapter
25 4 (commencing with Section 19400), or Chapter 5 (commencing
26 with Section 19800), or the imposition of any fine upon any person
27 licensed, permitted, authorized, or approved pursuant to those
28 chapters.

29 (6) To adopt regulations reasonably related to its functions and
30 duties as specified in this chapter.

31 (7) To adopt regulations establishing fees in the reasonable
32 amount necessary to recover costs incurred by the department
33 relating to the enforcement of this chapter.

34 (b) The department has all powers necessary and proper to
35 enable it to carry out fully and effectually its duties and
36 responsibilities specified in this chapter.

37 19772. (a) The department shall make appropriate
38 investigations as follows:

39 (1) To determine whether there has been any violation of this
40 chapter or any regulations adopted under this chapter.

1 (2) To determine any facts, conditions, practices, or matters that
2 it may deem necessary or proper to aid in the enforcement of this
3 chapter or any regulation adopted under this chapter.

4 (3) To aid in adopting regulations.

5 (b) If, after any investigation, the department is satisfied that a
6 license, permit, authorization, or approval pursuant to this chapter,
7 Chapter 4 (commencing with Section 19400), or Chapter 5
8 (commencing with Section 19800) should be suspended or revoked,
9 it shall file an accusation in accordance with Chapter 5
10 (commencing with Section 11500) of Part 1 of Division 3 of Title
11 2 of the Government Code.

12 (c) In addition to any action that the board or commission may
13 take against a license, permit, finding of suitability, or approval,
14 the board or commission may also require the payment of fines or
15 penalties. However, any fine imposed shall not exceed twenty
16 thousand dollars (\$20,000) for each separate violation of any
17 provision of this chapter or any regulation adopted under this
18 chapter.

19 19773. The board, commission, and department shall have the
20 authority to regulate sports wagering to the same extent that these
21 entities regulate other legal gambling in this state, including the
22 ability to audit the books and records of a licensed operator related
23 to the sports wagering activity.

24 SEC. 2. Section 12012.6 is added to the Government Code, to
25 read:

26 12012.6. (a) The Governor of California, authorized by the
27 Constitution of the State of California with the power to negotiate
28 the terms of a compact between the state and a federally recognized
29 Indian tribe, and by the enactment of the act adding this section,
30 and the concurrence of the State Legislature through the passage
31 of the act adding this section, hereby grants the following model
32 tribal-state sports wagering compact for the conduct of sports
33 wagering on Indian lands, as defined by the federal Indian Gaming
34 Regulatory Act of 1988 (IGRA), to a federally recognized
35 California Indian tribe that exercises jurisdiction over those Indian
36 lands, which, if adopted, constitutes a tribal-state gaming compact
37 pursuant to IGRA that is limited to sports wagering. Adoption of
38 the authority granted by this section shall occur upon the signature
39 of the chief executive officer of the tribal government whose
40 authority to enter into the compact shall be set forth in an

1 accompanying tribal law or ordinance or resolution by the
2 governing body of the tribe, a copy of which shall be provided by
3 the tribe to the Governor. No further action by the Governor or
4 the state is required before the compact becomes effective. A tribe
5 adopting this model tribal-state sports wagering compact is
6 responsible for submitting a copy of the compact executed by the
7 tribe to the Secretary of the Interior for publication of the notice
8 of approval in the Federal Register, pursuant to IGRA. The tribe
9 shall provide a copy of the executed compact to the Governor. A
10 tribe shall not be required to agree to terms different than the
11 terms set forth in the model tribal-state sports wagering compact,
12 which is set forth below. As a result of the enactment of this section,
13 the operation and regulation of sports wagering is lawful when
14 conducted pursuant to a compact that has become effective.

15 (b) The language of the model tribal-state sports wagering
16 compact is as follows:

17 **MODEL SPORTS WAGERING COMPACT BETWEEN THE**
18 **[NAME OF TRIBE] AND THE STATE OF CALIFORNIA**

19 This compact is made and entered into by and between the [Name
20 of Tribe], a federally recognized Indian tribe (tribe), and the State
21 of California (state), with respect to the operation and regulation
22 of sports wagering on the tribe's Indian lands as defined in the
23 Indian Gaming Regulatory Act, 25 U.S.C. Sec. 2703(4).

24 **PART 1. TITLE**

25 This document shall be referred to as the "Sports Wagering
26 Compact between the [Name of Tribe] and State of California."

27 **PART 2. RECITALS**

28 a. This Tribal-State Sports Wagering Compact is entered into
29 on a government-to-government basis by and between the [Name
30 of Tribe], a federally recognized sovereign Indian tribe, and the
31 State of California, a sovereign State of the United States, pursuant
32 to the Indian Gaming Regulatory Act of 1988 (codified at 18 U.S.C.
33 Sec. 1166 et seq., and 25 U.S.C. Sec. 2701 et seq.; hereafter IGRA),
34 and any successor statute or amendments.

35 b. The tribe and the state hereby agree that sports wagering is
36 a form of class III gaming that may be lawfully operated and
37 regulated on Indian lands within the state as provided herein, as
38 a means of generating revenues for specific purposes as authorized
39 by the IGRA.

40 **PART 3. DEFINITIONS**

1 *As used in this compact:*

2 *a. “Board” means the California Horse Racing Board.*

3 *b. “Class III gaming” means the forms of class III gaming*
4 *defined in Section 2703(8) of Title 25 of the United State Code*
5 *and by regulations of the National Indian Gaming Commission.*

6 *c. “Commission” means the California Gambling Control*
7 *Commission.*

8 *d. “Compact” means this Tribal-State Sports Wagering Compact*
9 *between the state and the tribe.*

10 *e. “Effective date” means the date on which the secretary*
11 *publishes notice of approval in the Federal Register.*

12 *f. “Facility” means any building located on the Indian lands of*
13 *the tribe in which sports wagering authorized by this compact is*
14 *conducted.*

15 *g. “Licensed operator” means a tribal entity licensed by the*
16 *tribe to conduct sports wagering.*

17 *h. “NIGC” means the National Indian Gaming Commission.*

18 *i. “Patron” means any person who is on the premises of a*
19 *facility, for the purpose of engaging in sports wagering authorized*
20 *by this compact.*

21 *j. “Prohibited sports event” means any collegiate sport or*
22 *athletic event that takes place in California, or a sports event in*
23 *which any California college team participates, regardless of*
24 *where the event takes place.*

25 *k. “Rules and regulations” means the rules and regulations*
26 *promulgated by the Tribal Gaming Regulatory Authority for*
27 *implementation of this compact.*

28 *l. “Sports event” shall include any professional sports or athletic*
29 *event, and any collegiate sports or athletic event, except a*
30 *prohibited sports event.*

31 *m. “Sports wagering” means the business of accepting wagers*
32 *on a sports event by any legal system or method of wagering,*
33 *including, but not limited to, exchange wagering, parlays, over*
34 *and under, money line, and straight bets.*

35 *n. “Secretary” means the United States Secretary of the Interior,*
36 *or the secretary’s designee delegated with the authority to approve*
37 *and publish notice of approval in the Federal Register.*

38 *o. “Tribal Gaming Regulatory Agency” (TGRA) means the tribal*
39 *governmental agency that has the authority to carry out the tribe’s*
40 *regulatory and oversight responsibilities under this compact.*

1 *PART 4. AUTHORIZATION OF SPORTS WAGERING*

2 *a. The tribe and the state agree that the tribe is authorized to*
3 *accept and regulate sports wagers on any sports event that is not*
4 *prohibited by California law, in accordance with this compact and*
5 *the IGRA. However, nothing in this compact shall limit or alter*
6 *the tribe's right to operate any game that is: (1) class I or class II*
7 *under IGRA or (2) any other class III game that is authorized*
8 *under a separate tribal-state compact or procedures issued by the*
9 *secretary.*

10 *b. Sports wagering authorized pursuant to this compact shall*
11 *only be conducted at a facility located on Indian lands consistent*
12 *with the provisions of the IGRA.*

13 *PART 5. LICENSING*

14 *a. A person shall not be employed at a facility unless that person*
15 *is licensed by the TGRA in accordance with this compact. Persons*
16 *who must be licensed by the TGRA under this compact include,*
17 *but are not limited to, all persons in any way connected with the*
18 *sports wagering operation or facility who are required to be*
19 *licensed or to submit to a background investigation under the*
20 *IGRA, all employees and suppliers of the facility, and any other*
21 *person who interacts with the tribes' sports wagering activity that*
22 *the TGRA determines should be licensed.*

23 *b. In addition to the provisions of this compact that are*
24 *applicable to the licensing of all sports wagering employees, the*
25 *requirements of Part 556 of Title 25 of the Code of Federal*
26 *Regulations, Background Investigations for Primary Management*
27 *Officials and Key Employees, and Part 558 of Title 25 of the Code*
28 *of Federal Regulations, Gaming Licenses for Key Employees and*
29 *Primary Management Officials, apply to key employees and*
30 *primary management officials of the facility.*

31 *c. Licenses shall be issued for an initial period to be determined*
32 *by the TGRA, after which they may be renewed following review*
33 *and update of the information upon which the license was based,*
34 *provided, the TGRA may extend the period for which the license*
35 *is valid for a reasonable time pending the outcome of any*
36 *investigation being conducted in connection with the renewal of*
37 *that license.*

38 *d. The licensing application process shall require the TGRA to*
39 *obtain sufficient information and identification from the applicant*
40 *to permit a background investigation to determine if a license*

1 *should be issued. If the tribe conducts other forms of class II or*
2 *class III gaming under another compact, licensing activities related*
3 *to the tribe's sports wagering operations may be conducted under*
4 *the tribal licensing regulations promulgated to address background*
5 *investigations and licenses for existing class II or class III gaming*
6 *activities as required pursuant to IGRA.*

7 *e. Pursuant to Part 533 of Title 25 of the Code of Federal*
8 *Regulations, all sports wagering management contracts must be*
9 *approved by the Chair of the National Indian Gaming Commission.*

10 **PART 6. RULES AND REGULATIONS AND MINIMUM**
11 **REQUIREMENTS FOR OPERATIONS**

12 *a. At all times after the effective date of this compact, the tribe*
13 *shall be responsible for all duties which are assigned to it, the*
14 *facility, and the TGRA under this compact.*

15 *b. All sports wagering activities conducted under this compact*
16 *shall, at a minimum, comply with a gaming ordinance duly adopted*
17 *by the tribe and approved in accordance with IGRA, and with all*
18 *rules, regulations, procedures, specifications, and standards duly*
19 *adopted by the TGRA.*

20 *c. The tribe shall promulgate any rules and regulations necessary*
21 *to implement this compact so that it may operate and regulate a*
22 *facility.*

23 *d. This compact does not affect the tribe's right to amend its*
24 *rules and regulations, provided that any amendment shall be in*
25 *conformity with this compact. The board or commission may*
26 *propose additional rules and regulations related to implementation*
27 *of this compact to the TGRA at any time, and the TGRA shall give*
28 *good faith consideration to those suggestions and shall notify the*
29 *board or commission of its response or action with respect thereto.*

30 *e. All tribal facilities shall comply with procedures set forth in*
31 *this compact, and shall be operated in accordance with the*
32 *requirements set forth in this compact. In addition, all facilities*
33 *shall comply with tribal internal control standards that provide a*
34 *level of control that equals or exceeds those set forth in the*
35 *National Indian Gaming Commission's Minimum Internal Control*
36 *Standards, Part 542 of Title 25 of the Code of Federal Regulations.*

37 *f. The TGRA shall promulgate regulations related to sports*
38 *wagering and sports wagering equipment, which shall include,*
39 *but are not limited to, the following:*

40 *1. Acceptance of wagers on a series of sports events.*

1 2. *Types of wagering tickets that may be used.*

2 3. *The method of issuing tickets.*

3 4. *The extension of credit.*

4 5. *The cashing, deposit, and redemption of checks or other*
5 *negotiable instruments.*

6 6. *The amount of cash reserves to be maintained to cover winning*
7 *wagers.*

8 7. *The provision of reliable records, accounts, and reports of*
9 *transactions, operations, and events, the method of accounting to*
10 *be used, and the types of records required to be maintained.*

11 g. *The tribal sports wagering regulations shall prohibit a tribally*
12 *licensed facility from each of the following:*

13 1. *Accepting a wager on a sports event from any person who is*
14 *not physically present at the facility at which the wagering is*
15 *conducted.*

16 2. *Accepting a wager from a person who is under 21 years of*
17 *age.*

18 3. *Admitting into the facility, or accepting wagers from, any*
19 *person whose name appears on the self-exclusion list maintained*
20 *by the facility, the TGRA, or the board or commission.*

21 h. *Net revenues that the tribe receives from sports wagering*
22 *shall be used solely for one or more of those purposes permitted*
23 *under IGRA.*

24 i. *The TGRA shall ensure that an annual independent financial*
25 *audit of the facility's conduct of sports wagering activities subject*
26 *to this compact is secured consistent with the requirements of*
27 *Section 571.12 of Title 25 of the Code of Federal Regulations,*
28 *Audit Standards. The audit shall, at a minimum, examine revenues*
29 *and expenses in connection with the conduct of sports wagering*
30 *in accordance with generally accepted auditing standards and*
31 *shall include, but not be limited to, those matters necessary to*
32 *verify the determination of adjusted gross revenues.*

33 j. *The tribe and TGRA shall be responsible for regulating*
34 *activities pursuant to this compact. As part of its responsibilities,*
35 *the tribe shall require the facility to do all of the following:*

36 1. *Operate the conduct of sports wagering activities in*
37 *compliance with this compact, and the tribe's rules and*
38 *regulations.*

1 2. Take reasonable measures to assure the physical safety of
2 facility patrons and personnel and prevent illegal activity at the
3 facility.

4 3. Promptly notify appropriate law enforcement authorities of
5 persons who may be involved in illegal acts in accordance with
6 applicable law.

7 4. Assure that the construction and maintenance of the facility
8 meets or exceeds federal and tribal standards for comparable
9 buildings.

10 5. Prepare adequate emergency access plans to ensure the health
11 and safety of all sports wagering patrons. Upon the finalization
12 of emergency access plans, the TGRA or facility shall forward
13 copies of the plans to the board and the commission.

14 k. Exclusion. The tribe's rules and regulations shall require the
15 facility, at a minimum, to exclude persons based on their prior
16 conduct at the facility or who, because of their criminal history or
17 association with criminal offenders, pose a threat to the integrity
18 of the conduct of sports wagering. The TGRA shall establish a list
19 of the persons excluded from the facility, even if self-excluded, and
20 employ its best efforts to exclude persons on the list from entry
21 into its facility, provided, neither persons who are barred but gain
22 access to the facility, nor any other person, shall have any claim
23 against the state, the tribe or the facility, or any other person for
24 failing to enforce that bar or exclusion.

25 l. Any patron who believes he or she may be placing sports
26 wagers on a compulsive basis may request that his or her name
27 be placed on the exclusion list. All sports wagering employees
28 shall receive training on identifying players who have a problem
29 with compulsive playing and shall be instructed to ask them to
30 leave. Signs and other materials shall be readily available to direct
31 compulsive players to agencies where they may receive counseling.

32 m. The tribe agrees to make an annual contribution to the State
33 Department of Alcohol and Drug Programs for deposit in the
34 Gambling Addiction Program Fund, in an amount not to exceed
35 the amount required from any other owner or operator in the state.

36 PART 7. RULES AND ODDS MAKING FOR SPORTS
37 WAGERING

38 a. The tribally licensed operator shall establish the odds it will
39 pay on wagers placed on sporting events.

1 *b. Summaries of the rules for making a wager on a sporting*
2 *event shall be visibly displayed in the facility. Complete sets of*
3 *rules shall be available in pamphlet form in the facility.*

4 *c. No wagers of any type shall be accepted from a person who*
5 *is less than 21 years of age.*

6 **PART 8. PRIZE CLAIMS**

7 *a. All patron disputes involving sports wagering gaming shall*
8 *be resolved in accordance with the procedures established in the*
9 *tribe's NIGC-approved gaming ordinance.*

10 *b. Notices explaining the procedure and time limitations with*
11 *respect to making prize claims shall be prominently posted in the*
12 *facility.*

13 **PART 9. ENFORCEMENT OF COMPACT**

14 *a. The TGRA may summarily suspend the license of any person*
15 *or entity if it determines that the continued licensing of the person*
16 *or entity could constitute a threat to the public health or safety or*
17 *may violate the TGRA's licensing or other standards. Any right*
18 *to notice or hearing in regard thereto shall be governed by tribal*
19 *law.*

20 *b. It is the responsibility of the TGRA to conduct on-site gaming*
21 *regulation in order to enforce the terms of this compact, IGRA,*
22 *and the tribal ordinance with respect to the operation and*
23 *regulation of the facility, and to protect the integrity of the sports*
24 *wagering activities, the reputation of the tribe, and the confidence*
25 *of patrons that sports wagering in a tribal facility in California*
26 *meets the highest standards of regulation and internal controls.*
27 *To meet those responsibilities, the TGRA shall adopt and enforce*
28 *regulations, procedures, and practices as set forth herein.*

29 *c. The TGRA shall investigate any reported violation of this*
30 *compact and shall require the facility to correct the violation upon*
31 *those terms and conditions as the TGRA determines are necessary.*
32 *The TGRA shall be empowered by tribal law to impose fines or*
33 *other sanctions within the jurisdiction of the tribe against sports*
34 *wagering licensees or other persons who interfere with or violate*
35 *the tribe's regulatory requirements and obligations under IGRA,*
36 *tribal law, or this compact. The TGRA shall report significant or*
37 *continued violations of this compact and failures to comply with*
38 *its orders, to the board and commission.*

39 *d. The tribe may request the assistance of the board and*
40 *commission whenever it reasonably appears that assistance may*

1 *be necessary to carry out the purposes described herein, or*
2 *otherwise to protect public health, safety, or welfare. If requested*
3 *by the tribe or TGRA, the board and commission shall provide*
4 *requested services to ensure proper compliance with this compact.*
5 *The state shall be reimbursed for its actual and reasonable costs*
6 *of that assistance as mutually agreed upon.*

7 *e. Notwithstanding that the tribe has the primary responsibility*
8 *to administer and enforce the regulatory requirements of this*
9 *compact, the board and commission shall have the right to inspect*
10 *the tribe's facility with respect to sports wagering activities subject*
11 *to the following conditions:*

12 *1. The TGRA, board, and commission shall confer and agree*
13 *upon protocols for inspection of public areas and non-public areas*
14 *of the facility, inspection of documents and records, and terms for*
15 *release of tribal information to other law enforcement agencies.*

16 *2. Records received by the board and commission from the tribe*
17 *in compliance with this compact, or information compiled by the*
18 *board and commission from those records, shall be exempt from*
19 *disclosure under the California Public Records Act.*

20 **PART 10. JURISDICTION**

21 *This compact shall not alter tribal, federal, or state civil*
22 *adjudicatory or criminal jurisdiction.*

23 **PART 11. FEES**

24 *a. No reimbursement is required, unless mutually agreed upon,*
25 *by this compact, other than funds distributed to the state for the*
26 *purpose of addressing gambling addiction. The tribe is not required*
27 *to engage in any type of revenue sharing with the state pursuant*
28 *to this compact because the state is not providing the tribe with*
29 *any form of exclusivity as to sports wagering.*

30 *b. This compact does not authorize the state to impose any tax,*
31 *fee, charge or assessment upon the tribe or the sports wagering*
32 *activity.*

33 **PART 12. DISPUTE RESOLUTION**

34 *a. In recognition of the government-to-government relationship*
35 *between the tribe and the state, the parties shall make their best*
36 *efforts to resolve disputes that occur under this compact by good*
37 *faith negotiations whenever possible. Therefore, without prejudice*
38 *to the right of either party to seek injunctive relief against the other*
39 *when circumstances are deemed to require immediate relief, the*
40 *parties hereby establish a threshold requirement that disputes*

1 *between the tribe and the state first be subjected to a process of*
2 *meeting and conferring in good faith in order to foster a spirit of*
3 *cooperation and efficiency in the administration and monitoring*
4 *of performance and compliance by each other with the terms,*
5 *provisions, and conditions of this compact, as follows:*

6 *1. Either party shall give the other, as soon as possible after the*
7 *event giving rise to the concern, a written notice setting forth, with*
8 *specificity, the issues to be resolved.*

9 *2. The parties shall meet and confer in a good faith attempt to*
10 *resolve the dispute through negotiation not later than 10 calendar*
11 *days after receipt of the notice, unless both parties agree in writing*
12 *to an extension of time.*

13 *3. If the dispute is not resolved to the satisfaction of the parties*
14 *within 30 calendar days after the first meeting, then either party*
15 *may call for mediation under the Commercial Mediation*
16 *Procedures of the American Arbitration Association (AAA) or any*
17 *successor procedures, provided that the mediation does not last*
18 *more than 60 calendar days, unless an extension to this time limit*
19 *is negotiated by the parties. The disputes available for resolution*
20 *through mediation are limited to matters arising under the terms*
21 *of this compact. If the parties are unable to resolve a dispute*
22 *through the process specified in this part, notwithstanding any*
23 *other provision of law, either party may bring an action in a United*
24 *States District Court (federal court) having venue regarding any*
25 *dispute arising under this compact. If the federal court declines*
26 *to exercise jurisdiction, or federal precedent exists that holds that*
27 *the federal court would not have jurisdiction over the dispute,*
28 *either party may bring the action in the appropriate court of the*
29 *State of California. The parties shall be entitled to all rights of*
30 *appeal permitted by law in the court system in which the action is*
31 *brought.*

32 *4. If the parties are unable to resolve a dispute through the*
33 *process specified in this part, notwithstanding any other provision*
34 *of law, either party may bring an action in a United States District*
35 *Court (federal court) having venue regarding any dispute arising*
36 *under this compact. If the federal court declines to exercise*
37 *jurisdiction, or federal precedent exists that holds that the federal*
38 *court would not have jurisdiction over the dispute, either party*
39 *may bring the action in the appropriate court of the State of*

1 *California. The parties are entitled to all rights of appeal permitted*
2 *by law in the court system in which the action is brought.*

3 *b. This part shall not be construed to waive, limit, or restrict*
4 *any remedy that is otherwise available to either party, and shall*
5 *not be construed to preclude, limit, or restrict the ability of the*
6 *parties to pursue, by mutual agreement, any other method of*
7 *dispute resolution, including, but not limited to, mediation or*
8 *utilization of a technical advisor to the TGRA and the board and*
9 *commission, provided that neither party is under any obligation*
10 *to agree to an alternative method of dispute resolution.*

11 **PART 13. LIMITED WAIVER OF SOVEREIGN IMMUNITY**

12 *a. For purposes of actions based on disputes between the state*
13 *and the tribe that arise under this compact and the enforcement*
14 *of any judgment resulting therefrom, the tribe and the state each*
15 *expressly waives its right to assert sovereign immunity from suit*
16 *and from enforcement of any ensuing judgment, and further*
17 *consents to be sued in federal or state court, including the rights*
18 *of appeal specified above, as the case may be, provided that:*

19 *1. The dispute is limited solely to issues arising under this*
20 *compact.*

21 *2. Neither side makes any claim for monetary damages. Only*
22 *injunctive, specific performance, including enforcement of a*
23 *provision of this compact requiring payment of money to one or*
24 *another of the parties, or declaratory relief is sought.*

25 *3. No person or entity other than the tribe and the state is party*
26 *to the action, unless failure to join a third party would deprive the*
27 *court of jurisdiction, provided that nothing herein shall be*
28 *construed to constitute a waiver of the sovereign immunity of either*
29 *the tribe or the state in respect to any third party.*

30 *b. In the event of intervention by any additional party into any*
31 *action without the consent of the tribe and the state, the waivers*
32 *of either the tribe or the state provided for herein may be revoked,*
33 *unless joinder is required to preserve the court's jurisdiction,*
34 *provided that nothing herein shall be construed to constitute a*
35 *waiver of the sovereign immunity of either the tribe or the state in*
36 *respect to any third party.*

37 *c. Except as stated herein or elsewhere in this compact, no other*
38 *waivers or consents to be sued, either express or implied, are*
39 *granted by either party.*

40 **PART 14. TERM OF COMPACT AND TERMINATION**

1 *a. Once effective, this compact shall continue in full force and*
2 *effect for state law purposes until the parties mutually agree to*
3 *terminate the compact.*

4 *b. Once effective, this compact shall constitute a binding and*
5 *determinative agreement between the tribe and the state.*

6 **PART 15. AMENDMENTS AND RENEGOTIATIONS**

7 *a. The terms and conditions of this compact may be amended at*
8 *any time by the mutual and written agreement of both parties.*

9 *b. All requests to amend or renegotiate this compact shall be in*
10 *writing, addressed to the Tribal Chairperson or the Governor, as*
11 *the case may be, and shall include the activities or circumstances*
12 *to be negotiated, together with a statement of the basis supporting*
13 *the request. If the request meets the requirements of this section,*
14 *the parties shall confer promptly and determine a schedule for*
15 *commencing negotiations within 30 calendar days of the request.*
16 *All matters involving negotiations or other amendatory processes*
17 *shall be governed, controlled, and conducted in conformity with*
18 *the provisions and requirements of IGRA, including those*
19 *provisions regarding the obligation of the state to negotiate in*
20 *good faith and the enforcement of that obligation in federal court.*
21 *The Chairperson of the tribe and the Governor are hereby*
22 *authorized to designate the person or agency responsible for*
23 *conducting the negotiations, and shall execute any documents*
24 *necessary to do so.*

25 **PART 16. NOTICES**

26 *Unless otherwise indicated by this compact, all notices required*
27 *or authorized to be served shall be served by first-class mail at*
28 *the following addresses:*

29 *Governor*

30 *State Capitol*

31 *Sacramento, CA*

32 *95814*

33 *Tribal Chairperson*

34 *[ADDRESS]*

35 **PART 17. CHANGES IN IGRA**

36 *This compact is intended to meet the requirements of IGRA as*
37 *it reads on the effective date of this compact, and when reference*
38 *is made to the Indian Gaming Regulatory Act or to an*
39 *implementing regulation thereof, the referenced provision is*
40 *deemed to have been incorporated into this compact as if set out*

1 *in full. Subsequent changes to IGRA that diminish the rights of the*
2 *state or the tribe may not be applied retroactively to alter the terms*
3 *of this compact, except to the extent that federal law validly*
4 *mandates that retroactive application without the state's or the*
5 *tribe's respective consent.*

6 **PART 18. MISCELLANEOUS**

7 *a. Except to the extent expressly provided under this compact,*
8 *this compact is not intended to, and shall not be construed to,*
9 *create any right on the part of a third party to bring an action to*
10 *enforce any of its terms.*

11 *b. This compact, together with all addenda and approved*
12 *amendments, sets forth the full and complete agreement of the*
13 *parties and supersedes any prior agreements or understandings*
14 *with respect to the subject matter hereof. This compact does not*
15 *alter or amend any pre-existing compact between the tribe and*
16 *the state.*

17 *c. Neither the presence in another tribal-state compact of*
18 *language that is not included in this compact, nor the absence in*
19 *this compact of language that is present in another tribal-state*
20 *compact shall be a factor in construing the terms of this compact.*

21 *d. If, after the effective date of this compact, the state enters into*
22 *a compact with any other tribe that contains more favorable*
23 *provisions with respect to any provisions of this compact, the state*
24 *shall, at the tribe's request, enter into the preferred compact with*
25 *the tribe as a superseding substitute for this compact.*

26 **PART 19. REPRESENTATIONS**

27 *a. By entering into this compact, the tribe expressly represents*
28 *that, as of the date of the tribe's execution of this compact:*

29 *1. The undersigned has the authority to execute this compact on*
30 *behalf of his or her tribe.*

31 *2. The tribe is recognized as eligible by the Secretary of the*
32 *Interior for special programs and services provided by the United*
33 *States to Indians because of their status as Indians, and is*
34 *recognized by the Secretary of the Interior as possessing powers*
35 *of self-government.*

36 *b. In entering into this compact, the state expressly relies upon*
37 *the foregoing representations by the tribe, and the state's entry*
38 *into the compact is expressly made contingent upon the truth of*
39 *those representations as of the date of the tribe's execution of this*
40 *compact.*

SEC. 4. Section 337a of the Penal Code is amended to read:

1 337a. (a) Except as provided in Section 336.9, and as
2 authorized pursuant to Chapter 4.7 (commencing with Section
3 19750) of Division 8 of the Business and Professions Code, every
4 person who engages in one of the following offenses shall be
5 punished for a first offense by imprisonment in a county jail for a
6 period of not more than one year or in the state prison, or by a fine
7 not to exceed five thousand dollars (\$5,000), or by both
8 imprisonment and fine:

9 (1) Pool selling or bookmaking, with or without writing, at any
10 time or place.

11 (2) Whether for gain, hire, reward, or gratuitously, or otherwise,
12 keeps or occupies, for any period of time whatsoever, any room,
13 shed, tenement, tent, booth, building, float, vessel, place, stand,
14 or enclosure, of any kind, or any part thereof, with a book or books,
15 paper or papers, apparatus, device, or paraphernalia, for the purpose
16 of recording or registering any bet or bets, any purported bet or
17 bets, wager or wagers, any purported wager or wagers, selling
18 pools, or purported pools, upon the result, or purported result, of
19 any trial, purported trial, contest, or purported contest, of skill,
20 speed, or power of endurance of person or animal, or between
21 persons, animals, or mechanical apparatus, or upon the result, or
22 purported result, of any lot, chance, casualty, or unknown or
23 contingent event whatsoever.

24 (3) Whether for gain, hire, reward, or gratuitously, or otherwise,
25 receives, holds, or forwards, or purports or pretends to receive,
26 hold, or forward, in any manner whatsoever, any money, thing, or
27 consideration of value, or the equivalent or memorandum thereof,
28 staked, pledged, bet, or wagered, or to be staked, pledged, bet, or
29 wagered, or offered for the purpose of being staked, pledged, bet,
30 or wagered, upon the result, or purported result, of any trial, or
31 purported trial, or contest, or purported contest, of skill, speed, or
32 power of endurance of person or animal, or between persons,
33 animals, or mechanical apparatus, or upon the result, or purported
34 result, of any lot, chance, casualty, or unknown or contingent event
35 whatsoever.

36 (4) Whether for gain, hire, reward, or gratuitously, or otherwise,
37 at any time or place, records, or registers any bet or bets, wager
38 or wagers, upon the result, or purported result, of any trial, or
39 purported trial, or contest, or purported contest, of skill, speed, or
40 power of endurance of person or animal, or between persons,

1 animals, or mechanical apparatus, or upon the result, or purported
2 result, of any lot, chance, casualty, or unknown or contingent event
3 whatsoever.

4 (5) Being the owner, lessee, or occupant of any room, shed,
5 tenement, tent, booth, building, float, vessel, place, stand,
6 enclosure, or grounds, or any part thereof, whether for gain, hire,
7 reward, or gratuitously, or otherwise, permits that space to be used
8 or occupied for any purpose, or in any manner prohibited by
9 paragraph (1), (2), (3), or (4).

10 (6) Lays, makes, offers, or accepts any bet or bets, or wager or
11 wagers, upon the result, or purported result, of any trial, or
12 purported trial, or contest, or purported contest, of skill, speed, or
13 power of endurance of person or animal, or between persons,
14 animals, or mechanical apparatus.

15 (b) In any accusatory pleading charging a violation of this
16 section, if the defendant has been once previously convicted of a
17 violation of any subdivision of this section, the previous conviction
18 shall be charged in the accusatory pleading, and, if the previous
19 conviction is found to be true by the jury, upon a jury trial, or by
20 the court, upon a court trial, or is admitted by the defendant, the
21 defendant shall, if he or she is not imprisoned in the state prison,
22 be imprisoned in a county jail for a period of not more than one
23 year and pay a fine of not less than one thousand dollars (\$1,000)
24 and not to exceed ten thousand dollars (\$10,000). Nothing in this
25 paragraph shall prohibit a court from placing a person subject to
26 this subdivision on probation. However, that person shall be
27 required to pay a fine of not less than one thousand dollars (\$1,000)
28 nor more than ten thousand dollars (\$10,000) or be imprisoned in
29 a county jail for a period of not more than one year, as a condition
30 thereof. In no event does the court have the power to absolve a
31 person convicted pursuant to this subdivision from either being
32 imprisoned or from paying a fine of not less than one thousand
33 dollars (\$1,000) and not more than ten thousand dollars (\$10,000).

34 (c) In any accusatory pleading charging a violation of this
35 section, if the defendant has been previously convicted two or
36 more times of a violation of any subdivision of this section, each
37 previous conviction shall be charged in the accusatory pleadings.
38 If two or more of the previous convictions are found to be true by
39 the jury, upon a jury trial, or by the court, upon a court trial, or are
40 admitted by the defendant, the defendant shall, if he or she is not

1 imprisoned in the state prison, be imprisoned in a county jail for
2 a period of not more than one year or pay a fine of not less than
3 one thousand dollars (\$1,000) nor more than fifteen thousand
4 dollars (\$15,000), or be punished by both imprisonment and fine.
5 Nothing in this paragraph shall prohibit a court from placing a
6 person subject to this subdivision on probation. However, that
7 person shall be required to pay a fine of not less than one thousand
8 dollars (\$1,000) nor more than fifteen thousand dollars (\$15,000),
9 or be imprisoned in a county jail for a period of not more than one
10 year as a condition thereof. In no event does the court have the
11 power to absolve a person convicted and subject to this subdivision
12 from either being imprisoned or from paying a fine of not more
13 than fifteen thousand dollars (\$15,000).

14 (d) Except where the existence of a previous conviction of any
15 subdivision of this section was not admitted or not found to be true
16 pursuant to this section, or the court finds that a prior conviction
17 was invalid, the court shall not strike or dismiss any prior
18 convictions alleged in the information or indictment.

19 (e) This section applies not only to persons who commit any of
20 the acts designated in paragraphs (1) to (6), inclusive, of
21 subdivision (a), as a business or occupation, but also applies to
22 every person who in a single instance engages in any one of the
23 acts specified in paragraphs (1) to (6), inclusive, of subdivision
24 (a).

25 (f) *This section does not apply to sports wagering facilities on*
26 *Indian lands that are governed by the terms of the model sports*
27 *wagering compact set forth in subdivision (b) of Section 12012.6*
28 *of the Government Code.*

29 ~~SEC. 4.~~

30 SEC. 5. No reimbursement is required by this act pursuant to
31 Section 6 of Article XIII B of the California Constitution because
32 the only costs that may be incurred by a local agency or school
33 district will be incurred because this act creates a new crime or
34 infraction, eliminates a crime or infraction, or changes the penalty
35 for a crime or infraction, within the meaning of Section 17556 of
36 the Government Code, or changes the definition of a crime within
37 the meaning of Section 6 of Article XIII B of the California
38 Constitution.

1 ~~SEC. 5.~~

2 *SEC. 6.* This act is an urgency statute necessary for the
3 immediate preservation of the public peace, health, or safety within
4 the meaning of Article IV of the Constitution and shall go into
5 immediate effect. The facts constituting the necessity are:

6 In order to protect the liberty interests of Californians, to ensure
7 that the state realizes significant revenues from this popular,
8 pervasive, and legitimate activity, and to ensure that suitable and
9 qualified persons operate sports betting venues, it is necessary that
10 this act take effect immediately.

O